
Your

questions and answers

Insured

about your insured deposit

Deposit

from the Federal Deposit Insurance Corporation

TABLE OF CONTENTS

Forward

General Questions	Questions 1-8
Basic Insurance Limit	Questions 9-10
Single Ownership Accounts	Questions 11-14
Joint Accounts	Questions 15-20
Testamentary Accounts	Questions 21-27
Revocable Living Trusts	Questions 28-30
Irrevocable Trusts	Questions 31-32
Retirement Accounts	Questions 33-34
Executor, Custodial, Agent	Questions 35-38
Business Accounts	Question 39

FOREWORD

This booklet describes the deposit insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) to depositors of insured banks and insured savings associations. The FDIC is an independent agency of the U.S. Government. It was established by Congress in 1933 to insure bank deposits, help maintain sound conditions in our banking system, and protect the nation's money supply in case of financial institution failure. In 1989, the FDIC was given the additional duty of insuring deposits in savings associations. As a result, the FDIC insures deposits in banks, using the Bank Insurance Fund (BIF), and insures deposits in savings associations, using the Savings Association Insurance Fund (SAIF). Both BIF and SAIF are backed by the full faith and credit of the United States.

GENERAL INSURANCE QUESTIONS

1. Whose deposits does the FDIC insure?

Any person or entity can have FDIC insurance on a deposit. A depositor does not have to be a United States citizen, or even a resident of the United States.

2. What types of financial institutions are insured by the FDIC?

The FDIC insures deposits in some, but not all, banks and savings associations.

FDIC-insured institutions must display an official sign at each teller window or teller station.

Insured savings associations display the official savings association (eagle) sign. Insured banks display either the official bank (FDIC) sign or the official savings association (eagle) sign. Both signs are shown at the end of this booklet.

3. What does federal deposit insurance cover?

Federal deposit insurance protects deposits that are payable in the United States. Deposits that are only payable overseas, and not in the United States, are not insured.

Securities, mutual funds, and similar types of investments are not covered by deposit insurance. Creditors (other than depositors) and shareholders of a failed bank or savings association are not protected by federal deposit insurance.

4. What types of deposits are insured?

All types of deposits received by a financial institution in its usual course of business are insured. For example, savings deposits, checking deposits, deposits in NOW accounts, Christmas Club accounts, and time deposits (including certificates of deposit, which are sometimes called "CDs") are all insured deposits. Cashiers' checks, money orders, officers' checks, and outstanding drafts also are insured.

Certified checks, letters of credit, and travelers' checks, for which an insured depository institution is primarily liable, also are insured when issued in exchange for money or its equivalent, or for a charge against a deposit account.

5. Does federal deposit insurance cover Treasury securities?

Treasury securities (bills, notes, and bonds) purchased by an insured depository institution on a customer's behalf are not insured. However, they remain the property of the customer. Upon presentation by the customer of a receipt documenting, to the FDIC's satisfaction, the customer's ownership rights, the FDIC as Receiver will give the customer a release that the customer can present to a Federal Reserve Bank or the Department of the Treasury to prove ownership. Alternatively, the FDIC as Receiver can hold all Treasury securities and make a distribution upon maturity in the same manner and extent as the closed institution would have done.

6. If I have deposits in several different FDIC-insured institutions, will my deposits be added together for insurance purposes?

No. Deposits in different institutions are insured separately. If an institution has one or more branches, however, the main office and all branch offices are considered to be one institution. Thus, if you have deposits at the main office and at one or more branch offices of the same institution, the deposits are added together when calculating deposit insurance coverage. Financial institutions owned by the same holding company but separately chartered are separately insured.

7. How does FDIC determine ownership of funds?

The FDIC presumes that funds are owned as shown on the "deposit account records" of the insured depository institution. If the FDIC determines that the deposit account records of the institution are unambiguous, those records are binding on the depositor. No other records are considered in determining legal ownership.

The deposit account records must specifically disclose the existence of any fiduciary relationship (e.g., trustee, agent, nominee, guardian, executor, custodian, or conservator). In addition, the details of the fiduciary relationship and the interests of the parties in the account must be ascertainable either from the deposit account records of the depository institution or from records maintained in good faith and in the regular course of business by the depositor or by some person or entity that has agreed to maintain records for the depositor.

8. What are "deposit account records?"

The "deposit account records" of an insured depository institution are account ledgers, signature cards, certificates of deposit, passbooks, and certain computer records. However, account statements, deposit slips, items deposited, and cancelled checks are not considered deposit account records for purposes of calculating deposit insurance.

BASIC INSURANCE LIMIT

9. What is the amount of FDIC insurance coverage?

The basic insured amount of a depositor is \$100,000. Accrued interest is included when calculating insurance coverage.

Deposits maintained in different categories of legal ownership are separately insured. Accordingly, you can have more than \$100,000 insurance coverage in a single institution if your funds are owned and deposited in different ownership categories.

The most common categories of ownership are single (or individual) ownership, joint ownership, and testamentary accounts. Separate insurance is also available for funds held for retirement purposes--e.g., Individual Retirement Accounts, Keoghs, and pension or profit sharing plans (see Questions and Answers 33-34).

10. Can I increase FDIC insurance coverage by dividing my funds and depositing them into several different accounts?

No. Federal deposit insurance is not determined on a per-account basis. You cannot increase FDIC insurance by dividing funds owned in the same ownership category among different accounts. The type of account (whether checking, savings, certificate of deposit, outstanding official checks, or other form of deposit) has no bearing on the amount of insurance coverage. Furthermore, the use of social security numbers or tax identification numbers does not determine insurance coverage.

SINGLE OWNERSHIP ACCOUNTS

11. What is a single ownership account?

A single (or individual) ownership account is an account owned by one person. Single ownership accounts include accounts in the owner's name, accounts established for the benefit of the owner by agents, nominees, guardians, custodians, or conservators, and accounts established by a business that is a sole proprietorship.

12. How is a single ownership account insured?

All single ownership accounts established by, or for the benefit of, the same person are added together and the total is insured up to a maximum of \$100,000.

13. What if I deposit funds in my own name but then give another person the right to withdraw funds from my account?

If an individual owns and deposits funds in his or her own name but then gives another person the right to withdraw funds from the account, the account will be insured as a joint ownership account. There are two exceptions to this rule. First, withdrawals by a person other than the owner are permitted pursuant to a Power of Attorney. Second, withdrawals by a person other than the owner are permitted if the deposit account records clearly indicate, to the satisfaction of the FDIC, that the funds are owned by one person and that the other signatory is authorized to withdraw funds only on behalf of the owner.

EXAMPLE OF INSURANCE FOR SINGLE OWNERSHIP ACCOUNTS

The following example shows the maximum amount of deposit insurance coverage available for the most common types of single ownership accounts.

<u>Depositor</u>	<u>Type of Deposit</u>	<u>Amount Deposited</u>
A	Savings account	\$ 25,000
A	CD	\$100,000
A	NOW account	\$ 25,000
A's Restaurant (a sole proprietorship)	Checking	\$ 25,000
TOTAL DEPOSITED		\$175,000 =====
MAXIMUM AMOUNT OF INSURANCE AVAILABLE		\$100,000 =====
UNINSURED AMOUNT		\$ 75,000

14. What is the Uniform Gifts to Minors Act?

The Uniform Gifts to Minors Act is a state law that allows an adult to make an irrevocable gift to a minor. Funds given to a minor by this method are held in the name of a custodian for the benefit of the minor. Funds deposited for the benefit of a minor under the Uniform Gifts to Minors Act are added to any other single ownership accounts of the minor and the total is insured up to a maximum of \$100,000.

JOINT ACCOUNTS

15. What is a joint account?

A joint account is an account owned by two or more persons.

16. How are joint accounts insured?

Joint accounts are insured separately from single ownership accounts if each of the following conditions are met:

- a. All co-owners must be natural persons. This means that legal entities such as corporations or partnerships are not eligible for joint account deposit insurance coverage.
- b. Each of the co-owners must have a right of withdrawal on the same basis as the other co-owners. For example, if one co-owner can withdraw funds on his or her signature alone, but the other co-owner can withdraw funds only on the signature of both co-owners, then this requirement has not been satisfied; the co-owners do not have equal withdrawal rights. Likewise, if a co-owner's right to withdraw funds is limited to a specified dollar amount, the funds in the account will be allocated between the co-owners according to their withdrawal rights and insured as single ownership funds. Thus, for example, if \$100,000 is deposited in the names of A and B, but A has the right to withdraw only up to \$5,000 from the account, \$5,000 is allocated to A and the remainder is allocated to B. The funds, as allocated, are then added to any other single ownership funds of A or B, respectively.
- c. Each of the co-owners must have personally signed a deposit account signature card. The execution of an account signature card is not required for certificates of deposit, deposit obligations evidenced by a negotiable instrument, or accounts maintained by an agent, nominee, guardian, custodian, or conservator, but the deposit must in fact be jointly owned.

No joint account shall be insured for more than \$100,000. Deposit insurance for multiple joint accounts is determined by applying the following steps:

1. First, all joint accounts that are identically owned (i.e., held by the same combination of individuals) are added together and the combined total is insurable up to the \$100,000 maximum.
2. After step one has been completed, joint accounts involving different combinations of individuals are reviewed to determine the amount of each person's insurable interest (or share) in all joint accounts. Each owner's insurable interest in all joint accounts is added together and the total is insured up to the \$100,000 maximum. Each person's interest in a joint account is deemed equal unless otherwise stated on the deposit account records.

These steps are always applied with the result that (1) no one joint account can be insured for over \$100,000, (2) multiple joint accounts with identical ownership cannot be insured for over \$100,000 in the aggregate, and (3) no one person's insured interest in the joint account category can exceed \$100,000.

EXAMPLE OF INSURANCE FOR JOINT OWNERSHIP ACCOUNTS

Three qualifying joint accounts are owned by A, B, and C, as follows:

<u>Account</u>	<u>Owners</u>	<u>Balance</u>
#1	A and B	\$100,000
#2	B and A	\$ 25,000
#3	A and B and C	\$ 75,000
		=====

STEP ONE:

A and B Combination

ADD:	
Account #1 (A and B)	\$100,000
Account #2 (B and A)	\$ 25,000
	=====
Total deposited:	\$125,000

Step one insurable limit is \$100,000, so \$25,000 is uninsured.

STEP TWO:

A's Ownership Interest

½ of insurable balance in A/B combination (accounts #1 and #2)	\$ 50,000
1/3 of insurable balance in A/B/C combination (account #3)	\$ 25,000
	=====
Total of A's insured funds:	\$ 75,000

B's Ownership Interest

½ of insurable balance in A/B
combination (accounts #1 and #2) \$ 50,000

1/3 of insurable balance in A/B/C
combination (account #3) \$ 25,000

=====

Total of B's insured funds: \$ 75,000

C's Ownership Interest

1/3 of insurable balance in A/B/C
combination (account #3) \$ 25,000

=====

Total of C's insured funds: \$ 25,000

SUMMARY OF INSURANCE COVERAGE:

	<u>Insured</u>	<u>Uninsured</u>
A	\$ 75,000	\$ 12,500
B	\$ 75,000	\$ 12,500
C	\$ 25,000	-0-
	=====	=====
Total	\$175,000	\$ 25,000

17. Are joint accounts owned by the same persons separately insured if different social security numbers are used?

No. As noted previously, the use of social security numbers does not determine insurance coverage. In addition, insurance coverage is not increased by rearranging the names of the owners or by changing the style of the names. Furthermore, the use of "or" versus "and" to join the owners' names in a joint account title does not affect insurance coverage.

18. What types of joint accounts are insured?

Federal deposit insurance covers joint accounts owned in any manner conforming to applicable state law, such as joint tenants with a right of survivorship, tenants by the entireties, tenants in common, or a deposit owned by a husband and wife as community property in states recognizing this particular form of joint ownership.

19. Is the answer to Question 18 the same if funds in the single ownership accounts and joint accounts of a husband and wife all consist of community property?

Yes. In those states recognizing community property, community funds may be deposited in the individual names of each spouse and in a joint account in the names of both--and each ownership category is insured up to \$100,000.

20. What happens when an account fails to qualify for separate insurance in the joint account category?

A deposit account held in two or more names that does not qualify for joint account deposit insurance coverage is treated as being owned by each named owner, as an individual, corporation, partnership, or unincorporated association, as the case may be, according to each co-owner's actual ownership interest. As such, each owner's interest is added to any other single ownership accounts or, in the case of a corporation, partnership, or unincorporated association, to other accounts of such entity, and the total is insured up to \$100,000.

TESTAMENTARY (PAYABLE ON DEATH) ACCOUNTS

21. What is a testamentary account?

A testamentary account is an account that evidences an intention that the funds shall belong to a named beneficiary upon the death of the owner (grantor or depositor) of the testamentary account. Testamentary accounts are sometimes known as tentative or "Totten" trust accounts, revocable trust accounts or "payable on death" accounts.

22. How are testamentary accounts insured?

Testamentary accounts make up another legal ownership category and are therefore insured separately from single ownership accounts and joint accounts of the beneficiary or the owner. In order to qualify for this separate insurance coverage, however, a testamentary account must meet the following kinship and recordkeeping requirements:

- a. The named beneficiary must be the owner's spouse, child, or grandchild. Step-children, step-grandchildren, and adopted children and grandchildren are considered qualified beneficiaries of testamentary accounts.

- b. The owner's intention that, upon his or her death, the funds shall belong to the named beneficiary must be manifested in the title of the account using commonly accepted terms such as, "in trust for," "as trustee for," or "payable-on-death." These terms may be abbreviated as "ITF," "ATF," or "POD."
- c. The beneficiaries must be specifically identified by name in the deposit account records of the depository institution.

Each owner meeting these requirements is insured up to \$100,000 per beneficiary at each insured institution.

23. Can a testamentary account have more than \$100,000 insurance coverage?

Yes. If a testamentary account is maintained by co-owners, insurance will be determined as if each co-owner maintained a separate testamentary account for each beneficiary. The interests of the co-owners are deemed to be equal unless otherwise stated in the deposit account records. If there are several beneficiaries, their interests are deemed to be equal unless otherwise specified in the deposit account records.

EXAMPLE OF INSURANCE FOR TESTAMENTARY ACCOUNTS

<u>Account</u>	<u>Amount Deposited</u>	<u>Amount Insured</u>
Husband in Trust for Wife	\$100,000	\$100,000
Wife in Trust for Husband	\$100,000	\$100,000
Husband and Wife in Trust for Child One, Child Two, and Child Three	\$600,000	\$600,000
	=====	=====
Total	\$800,000	\$800,000

24. What is the insurance coverage for an account established by a husband and wife in trust for themselves ("husband and wife in trust for husband and wife")?

An account established by a husband and wife solely for their benefit (or for the benefit of one of them) is treated as a joint account, not a testamentary account. Funds deposited in such an account are added to any other joint ownership funds held by the husband or wife.

25. What is the insurance coverage for a testamentary account where the beneficiary is not the spouse, child, or grandchild of the owner?

If a beneficiary of a testamentary account is not the spouse, child, or grandchild of the owner, the funds attributable to the nonqualifying beneficiary are insured as the owner's single ownership funds. For example, if A establishes a testamentary account for the benefit of his mother (a nonqualifying beneficiary), all of the funds in the account are added to any other single ownership funds owned by A and the sum is insured to a maximum of \$100,000.

When a testamentary account is maintained by multiple owners or multiple beneficiaries and some beneficiaries qualify for separate insurance coverage but others do not, the funds are first divided between the co-owners, and then again divided between the beneficiaries as to each co-owner. Funds attributable to the nonqualifying beneficiary are then added to any other single ownership funds of each respective owner.

Assume, for example, that B establishes a testamentary account for the benefit of her daughter and nephew. Deposit insurance coverage is calculated by first allocating one-half of the funds to the daughter and one-half of the funds to the nephew. The funds allocated to the daughter (a qualifying beneficiary) are then insured separately from B's single ownership accounts or joint accounts. However, the funds allocated to the nephew (a nonqualifying beneficiary) are added to any other single ownership funds owned by B and the sum is insured up to a maximum of \$100,000.

26. Must testamentary accounts be supported by a written trust agreement?

No. If an insured depository institution should fail, however, the owner of the testamentary account may be required to provide proof of the owner's relationship to the beneficiaries.

27. Does deposit insurance coverage decrease upon the death of one of the co-owners of a testamentary account?

Yes. Each co-owner is entitled to insurance coverage as to each beneficiary only during the co-owner's lifetime. Upon the death of any one of the co-owners, insurance coverage decreases.

REVOCABLE LIVING TRUSTS

28. What is a revocable living trust?

A trust is a means by which an individual transfers legal ownership of funds to a trustee with the intention that the funds will be used by the trustee for the benefit of a designated person. A revocable living trust is one in which the grantor of the trust reserves the right to revoke the trust. A revocable living trust is established through a written trust document. (Testamentary accounts are a special type of revocable trust and are discussed in Questions and Answers 21 through 27.)

29. How is a revocable living trust insured?

Revocable living trust funds are insured as the individual funds of the grantor unless they meet the special requirements for separate coverage of testamentary accounts. (See Question and Answer 30, below.) This means that funds deposited under the provisions of a revocable living trust will be added to any other single ownership funds of the grantor and the total will be insured up to a maximum of \$100,000. If a revocable living trust has been created by more than one grantor, funds deposited pursuant to the trust will be treated as the individually owned funds of each such grantor. Thus, the trust funds will be divided between the grantors, added to any other single ownership funds of each such grantor, and the sum will be insured up to \$100,000 per owner. Under certain circumstances, however, the trust funds are insured as the jointly-owned funds of the grantors. See Question and Answer 30(b).

30. Can funds deposited pursuant to a revocable living trust document ever be insured separately from the individually owned funds of the grantor(s)?

Funds deposited pursuant to a revocable living trust may be separately insured from the grantor's individually owned funds if the revocable living trust document and the deposit account records satisfy the requirements applicable to testamentary accounts. In this situation, the grantor would be insured up to \$100,000 as to each qualifying beneficiary. The requirements are as follows:

- a. The trust document must provide that the funds shall belong to the named beneficiary upon the death of the grantor. Revocable living trust documents often fail to satisfy this requirement because they usually contain provisions that may prevent the beneficiary from receiving all of the deposited trust funds upon the death of the grantor.
- b. The named beneficiary must be the spouse, child, or grandchild

of the grantor. Funds deposited pursuant to a revocable living trust established by a husband and wife solely for their benefit (or for the benefit of one of them) are treated as joint ownership funds. Such funds are added to any other joint ownership funds held by the husband or wife.

c. The grantor's intention that, upon his or her death, the funds shall belong to the named beneficiary must be manifested in the title of the account. This may be accomplished by depositing the funds in the name of the trust.

d. Each beneficiary must be specifically named in the deposit account records of the depository institution. It is not sufficient to designate a class of beneficiaries, such as "grandchildren".

If the revocable living trust document and supporting deposit account records fail to satisfy any of the above requirements, funds deposited pursuant to the revocable living trust will be insured as the single ownership funds of the grantor(s) or in some cases as the jointly-owned funds of the grantors.

IRREVOCABLE TRUSTS

31. How are irrevocable trust funds insured?

Irrevocable trusts constitute another legal ownership category. The interest of each beneficiary in an account established under an irrevocable trust is insured to \$100,000, separately from other accounts held by the grantor, trustee, or beneficiary, if the following requirements are met:

- a. The deposit account records of the depository institution must disclose the existence of the trust relationship.
- b. The interests of the beneficiaries must be ascertainable from the deposit account records of the depository institution or from the records of the trustee maintained in good faith and in the regular course of business.
- c. The value of each beneficiary's interest must be capable of determination in accordance with FDIC Regulations.
- d. The trust must be valid under State law.

Kinship is not a factor in determining coverage of irrevocable trusts.

In cases where the beneficiary has an ownership interest in more than one trust created by the same grantor, the interests of the beneficiary in

all accounts established under those trusts are added together and the sum is insured to a maximum of \$100,000.

32. What if the beneficiaries or their interests in such a trust cannot be ascertained?

When the identity or quantifiable ownership interests of the beneficiaries cannot be determined, insurance coverage for the entire trust is limited to a maximum of \$100,000.

RETIREMENT ACCOUNTS

33. How are funds deposited in Individual Retirement Accounts (IRAs) and Keoghs insured?

Until December 19, 1993, IRA and Keogh funds are insured separately from each other and from any other funds of the depositor.

After December 19, 1993, IRA and Keogh funds will still be separately insured from any non-retirement funds the depositor may have at an institution. But IRA and self-directed Keogh funds will be added together, and the combined total will be insured up to \$100,000. IRA and self-directed Keogh funds will also be aggregated with certain other retirement funds: namely, those belonging to other self-directed retirement plans, and those belonging to so-called "457 Plan" accounts, if the deposits are eligible for pass-through insurance (see Question and Answer 34).

Time deposits made prior to December 19, 1993, do not become subject to the new aggregation rules until the deposits mature, roll over or are renewed.

"457 Plans" are deferred compensation plans conforming to section 457 of the Internal Revenue Code that are established by state and local governments and not-for-profit organizations.

34. What is the deposit insurance coverage for pension plans and profit sharing plans?

The General Rule is that deposits belonging to pension plans and profit-sharing plans receive pass-through insurance. "Pass-through insurance" means that each beneficiary's ascertainable interest in a deposit--as opposed to the deposit as a whole--is insured up to \$100,000.

In order for a pension or profit-sharing plan to receive pass-through insurance, the institution's deposit account records must specifically disclose the fact that the depositor (for instance, the plan itself, or its trustee) holds the funds in a fiduciary capacity. In addition, the details of the fiduciary relationship between the plan and its participants, and the participants' beneficial interests in the account, must be ascertainable from the institution's deposit account records or from the records that the plan (or some person or entity that has agreed to maintain records for the plan) maintains in good faith and in the regular course of business.

The General Rule applies to any deposit made by a pension or profit sharing plan in any institution if the deposit was made before December 19, 1992.

The General Rule also applies to any new deposit made by a plan on or after December 19, 1992, if the deposit is made in an institution that meets the FDIC's standards for "well-capitalized" institutions.

Finally, the General Rule applies to any new deposit made by a plan on or after December 19, 1992, if the deposit is made in an institution that meets the FDIC's standards for "adequately capitalized" institutions, but only if the institution also satisfies either one of the following conditions:

- a. The institution has received a waiver from the FDIC to take brokered deposits. ("Brokered deposits" are ones that a depositor makes through an intermediary that is engaged in the business of placing funds for others.) OR
- b. The institution notifies the plan in writing, at the time the plan makes the deposit, that such deposits are eligible for pass-through coverage.

In all other cases, any deposit that a plan makes on or after December 19, 1992, does not receive pass-through insurance, but rather is insured as a whole up to \$100,000 in total.

Rollovers and renewed deposits are considered to be "new" deposits.

If a deposit has pass-through insurance when it is made into an account, that particular deposit does not lose its pass-through insurance, even if the institution falls out of compliance with the standards for pass-through insurance in the meantime. But once the institution falls out of compliance, any subsequent deposits that are made into that same account (including ones that are rollovers and renewals of earlier deposits) would not have pass-through insurance.

THE RULES ARE COMPLICATED. IF YOU ARE A PLAN BENEFICIARY, AND YOU WANT TO KNOW HOW YOUR PLAN'S DEPOSIT IS INSURED, WE SUGGEST THAT YOU CONSULT WITH YOUR PLAN ADMINISTRATOR FOR FURTHER DETAILS.

DEPOSITS HELD ON ANOTHER'S BEHALF

35. How are funds deposited by an executor or administrator insured?

Funds deposited by an executor or administrator for the estate of a deceased person are added to any funds maintained in the name of the deceased. The sum is insured to a maximum of \$100,000.

All funds belonging to the estate of the deceased, whether held in the name of the deceased or deposited by the executor or administrator for the deceased's estate, are separately insured from funds owned by the executor, administrator, or beneficiary of the estate.

36. How are funds deposited by a guardian, custodian, or similar fiduciary acting on behalf of an individual insured?

Funds deposited by a guardian, custodian (whether or not court-appointed), or similar fiduciary, are added to any other single ownership funds of the beneficiary and the total is insured up to a maximum of \$100,000. The fiduciary relationship must be disclosed in the deposit account records. The details of the fiduciary relationship and the interests of the parties in the account must be ascertainable from the deposit account records of the depository institution or from records maintained in good faith and in the regular course of business by the depositor (or by some person or entity that has agreed to maintain records for the depositor).

37. How are accounts placed by an agent or nominee insured?

Funds deposited by an agent or nominee on behalf of an individual or entity (the owner), are added to any other single ownership funds of the actual owner and insured to \$100,000 in the aggregate. If an agent (for example, a title company or attorney) is depositing funds on your behalf, you should ask if the agent is depositing the funds in the same institution where you have personally deposited your funds.

The agent's fiduciary capacity must be disclosed in the deposit account records of the institution. The name and ownership interest of each owner in the account must be ascertainable from the deposit account records of the depository institution or from records maintained in good faith and in the regular course of business by the agent (or by some person or entity that has agreed to maintain records for the agent). Special recordkeeping requirements apply to multi-tiered fiduciary relationships.

An agent may pool the funds of several owners into one account. Provided that the recordkeeping requirements are satisfied, the funds of each owner are separately insured.

38. What is the insurance coverage for joint ownership funds deposited by an agent, nominee, guardian, custodian, or conservator?

Funds held by an agent, nominee, guardian, custodian, or conservator on behalf of two or more joint owners will be insured as a joint ownership account. For example, funds deposited by a real estate broker acting as agent for a husband and wife will be insured as the joint ownership funds of the husband and wife.

BUSINESS ACCOUNTS

39. What is the deposit insurance coverage for funds deposited by a corporation, partnership, or unincorporated association?

Funds deposited by a corporation, partnership, or unincorporated association are insured up to a maximum of \$100,000. Funds deposited by a corporation, partnership, or unincorporated association are insured separately from the personal accounts of the stockholders, partners, or members. To qualify for this coverage, the entity must be engaged in an independent activity. "Independent activity" means that the entity is operated primarily for some purpose other than to increase deposit insurance.

Accounts owned by the same entity but designated for different purposes are not separately insured. Instead, such accounts are added together and insured up to \$100,000 in the aggregate. Thus, if a corporation has divisions or units that are not separately incorporated, the deposit accounts of those divisions or units will be added to any other deposit accounts of the corporation for purposes of determining deposit insurance coverage.

Funds owned by a business that is a sole proprietorship are treated as the individually owned funds of the person who is the sole proprietor. Consequently, funds deposited in the name of the sole proprietorship are added to any other single ownership accounts of the sole proprietor and the total is insured to a maximum of \$100,000.

NOTICE

This booklet provides examples of insurance coverage under the Federal Deposit Insurance Corporation's rules on certain types of accounts commonly held by depositors in insured banks and insured savings associations. The information provided in this booklet is presented in a nontechnical way and is not intended to be a legal interpretation of the FDIC's laws and regulations on insurance coverage. For greater detail concerning the technical aspects of insurance coverage, depositors or their counsel may wish to consult the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) and the FDIC's regulations relating to insurance coverage (12 C.F.R. Part 330).

Depositors are advised that no person may, by any representations or interpretations, affect the extent of insurance coverage provided by the Federal Deposit Insurance Act and the Rules and Regulations for Insurance of Deposit Accounts.